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TESTIMONY OF
CHARLES A. BOWSER
COMPTROLLER GENERAL
OF THE UNITED STATES
BEFORE THE
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ON
S.1432

THE FEDERAL CAPITAL INVESTMENT PROGRAM INFORMATION ACT OF 1983

Mr. Chairman and Members of the Subcommittee:

I am very pleased to appear before you today to discuss planning and budgeting for capital investments. The Federal Capital Investment Program Information Act of 1983, S.1432, is designed to include in the President's budget a detailed statement of Federal capital investment programs for the next several years. Its specific purposes are to:

- provide budget projections for major Federal capital investment programs and a summary of the most recent needs assessments for these programs;

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- show the relationship of those needs to policy issues and economic variables;
- assist State and local governments in planning for major capital investment programs; and,
- improve legislative oversight over Federal capital investment programs.

Much concern has been expressed in both the public and private sectors over the deteriorating condition of our Nation's infrastructure. Many questions have been raised concerning the potential impact of investment on long-term economic growth. These concerns are often magnified by severe fiscal constraints on capital investment by State and local governments.

. In addition to concerns about the adequacy of funding for capital investments, questions have been raised about the process by which both the level of investment and the allocation of funds are decided. We believe there should be greater visibility and a more structured framework for capital investment decisions than the current Federal budget process provides. We have, for several years, cited the need for the development of a Federal capital investment strategy on both a program-by-program and on an overall basis, and have recommended improvement of capital investment information to effectively plan, budget, and manage public facilities.

In our opinion, S.1432 would provide the basic information needed by both executive branch planners and legislators in setting capital investment priorities and in allocating funds for capital investment. The bill would require the implementation of

a basic capital investment planning and budgeting process which, although less complex than other pending capital budgeting bills, would provide the necessary framework for the Government to begin planning its capital investment strategy. This could be accomplished at a reasonable cost using current informational capabilities of the executive branch.

By providing projections of capital investments for up to 10 years, along with policy implications and economic factors, State and local governments would be able to more accurately assess the trends of Federal involvement in capital investments. I would caution, however, that these would be estimates and not firm commitments for future Federal funding.

Section 3 of the bill defines public capital investment to include most of the Federal outlays for civilian public facilities. It is our judgement that planning, budgeting, and managing capital investment programs are equally pressing problems in the defense area. We suggest that the bill also cover major defense investments such as military bases and other defense facilities. Consideration should be given to including other long-lived military systems such as ships, aircraft, and other types of weapons systems platforms. Consumable weapons should not be included. The identification of assets for inclusion as capital investments should be made on an individual basis depending on the asset's use and estimated length of service.

We are also concerned about the "5-year sunset" provision of the bill. In our opinion, to assure the provision of consistent

budgetary data, legislation pertaining to the budget process and contents of the President's budget should be permanent legislation. That is not to say, however, that the provisions of the legislation and their implementation should not be revisited and refinements made in the legislation if necessary.

You also asked that we comment on the idea of extending the responsibilities charged to the Federal Government in S.1432 to State and local governments. There has clearly been a major Federal role in assisting States and localities through grant programs and tax preferences. However, public facilities investment has primarily been a State and local responsibility. In fact, some cities and States are well ahead of the Federal Government in this area. We believe they should continue to be responsible for their own planning and budgeting for capital facilities. We agree that it would be useful to have uniform national information on facilities and their conditions (such as highway information obtained by the Department of Transportation) for use in setting national priorities for future Federal capital investments. Nevertheless, we would be reluctant to impose a massive and potentially costly new data collection and reporting burden on State and local governments. We would prefer to see it accomplished through working arrangements by Federal agencies with program responsibility, although some government-wide coordination and leadership would be necessary.

Mr. Chairman, this Nation has undergone a number of dramatic technological and demographic changes in the last decade. These changes will continue into the decades ahead and lead to shifts

in demands for our public capital investment. S.1432 would create better methods for addressing not only our current capital investment needs, but those of the future. With the changes we have suggested, we would support the enactment of the bill as an important step in the right direction.

I offer our assistance as you continue your work.